

Partnerships British Columbia Inc.

2017/18 – 2019/2020 SERVICE PLAN

February 2017



For more information on Partnerships British Columbia Inc. contact:

Suite 900, 1285 West Pender Street

Vancouver, British Columbia

V6E 4B1

or

300 – 707 Fort Street

Victoria, BC

V8W 3G3

or visit our website at www.partnershipsbc.ca

Accountability Statement

The 2017/18 - 2019/20 Partnerships British Columbia Inc (Partnerships BC) service plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of January 19, 2017, have been considered in preparing the plan. The performance measures presented are consistent with the Taxpayer Accountability Principles, Partnerships BC's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of Partnerships BC's operating environment, forecast conditions, risk assessment and past performance.



Dana Hayden

Board Chair

Table of Contents

Accountability Statement	3
Strategic Direction and Context	5
Performance Plan	9
Financial Plan	18
Resource Summary Table	18
Appendices	19
Appendix A: Hyperlinks to Additional Information	19

Strategic Direction and Context

Strategic Direction

Partnerships BC is owned by the Province of British Columbia and governed by a Board of Directors reporting to its sole Shareholder, the Minister of Finance. It is incorporated under the British Columbia Business Corporations Act.

Partnerships BC's strategic direction and mandate have been set by its Shareholder, as per the Crown's Mandate Letter.

The Taxpayer Accountability Principles (TAP) also play a guiding role in setting out the strategic direction for Partnerships BC.

The strategic priority actions from Partnerships BC's 2017/18 Mandate Letter, including the supporting rationale for each action, are as follows:

1. Provide a summary of Partnerships BC's progress against the performance targets in the agency's Stakeholder Engagement Plan, as well as any emerging issues and mitigation strategies, to the Deputy Minister of Finance by May 1, 2017.

Rationale: This allows the Ministry of Finance to track Partnerships BC's performance in key areas of stakeholder engagement including stakeholders' satisfaction with Partnerships BC's services and understanding of the partnership procurement model.

2. Work with the Ministry of Finance to update priority sections of the Capital Asset Management Framework (CAMF), which provides policy guidance for the planning, acquisition, management and disposition of Government's capital assets. The procurement section, including related tools (e.g., capital procurement checklist), of CAMF will be updated by June 30, 2017.

Rationale: Ensures that Government's policy guidance for the management of its capital assets incorporates emerging best practices and policy developments, as well as changing legal requirements.

3. Work with the Ministry of Finance and other ministries/agencies, as necessary, to ensure that those provincial major capital projects for which Partnerships BC is engaged address the Government's commitments in the Climate Leadership Plan (Plan) within its fiscal plan affordability parameters. Partnerships BC will provide the Ministry of Finance with an interim report by April 28, 2017 and a final report by March 30, 2018, which summarize how provincial major capital projects in the planning phase will address the relevant commitments in the Plan.

Rationale: Helps ensure that Government's major capital projects are addressing its climate action commitments in a fiscally responsible manner.

The current corporate goals reflect Partnerships BC's mandate to ensure it is meeting Shareholder and client needs and remain unchanged from last year:

Vision

To be a recognized leader in evaluating, structuring and implementing delivery solutions for complex public infrastructure projects while consistently delivering value to our clients.

Mandate

Partnerships BC supports the public sector in meeting its infrastructure needs by providing leadership, expertise and consistency in the procurement of complex capital projects, by utilizing private sector innovation, services and capital to deliver measureable benefits for taxpayers.

Values

Consistent with TAP, Partnerships BC's values are as follows:

- **Service:** Partnerships BC is committed to value-added, cost effective, efficient client service.
- **Commitment:** Partnerships BC is committed to delivering high quality work, to working together as a team, to collaborate and communicate in a timely way.
- **Accountability:** Partnerships BC is committed to transparent management of its business, to reporting out on operations, and to ensuring compliance with public sector compensation guidelines.

- **Integrity:** Partnerships BC is committed to making decisions and taking actions that are transparent, ethical and free from conflict of interest, and to adhering to its ethical code of conduct.
- **Respect:** Partnerships BC is committed to engaging in equitable, compassionate, respectful and effective communications.

Operating Environment

Public infrastructure continues to play a major role in supporting Canada's economy. With British Columbia facing aging infrastructure and budget constraints, while also experiencing population growth and new infrastructure needs, public private partnerships bring together the expertise of both the private and public sectors to help address the resultant infrastructure gaps. The Canadian Council for Public Private Partnerships has identified 247 public private partnerships (PPP) projects across Canada, \$119 billion of which are already in operation or under construction. These projects are creating jobs, growing the economy and making people's lives easier. When delivered on time and within the capital and affordability ceilings, governments are able to make their planned investments in critical public services which has been the experience in B.C. Partnerships BC has utilized public private partnerships and other partnership models, such as design-build, to deliver projects in B.C. and outside of the province.

Partnerships BC continues to demonstrate leadership in procurement and commercial practice. The organization has long term relationships with core clients in B.C. including the Ministries of Transportation and Infrastructure, Health and Justice and has established new relationships with the Ministries of Advanced Education and Education, along with several B.C. Crown corporations.

In addition to services provided within B.C., Partnerships BC offers value added services to clients outside of the province such as the Territories of Nunavut and the Yukon, Saskatchewan, and Newfoundland and Labrador. PBC also pursues advisory and procurement opportunities with jurisdictions outside of B.C. including the Westcoast Exchange in the United States. This creates opportunities for B.C. companies to participate in other markets, in alignment with the Government of B.C.'s job creation and investment goals. It also provides opportunities for Partnerships BC to both refine and improve its practices and learn lessons from working with other jurisdictions, which can be applied to B.C.

Since its inception in 2002, Partnerships BC has participated in 50 projects with a cumulative capital investment of approximately \$18 billion. Of these, eight projects with a total capital investment of \$2.2 billion were undertaken for other governments in Canada. The B.C.-based projects – which are either operational, under construction or currently in the competitive selection process – are delivering significant benefits to clients and British Columbians. Partnerships BC is also in its second year of implementing its Stakeholder Engagement Plan and is committed to continued engagement with our clients and partners.

The B.C. pipeline for complex capital projects remains strong and there is potential for a significant project flow in the coming years with the federal government's continuing and new infrastructure funding programs announced in 2016 which may include emerging opportunities related to the federal Infrastructure Bank. These programs will provide opportunities to increase funding capacity to address infrastructure gaps across B.C. and Canada.

Partnerships BC is executing on its Strategic Plan to meet corporate goals as reflected in the Mandate Letter, developing a sustainable project pipeline (ie. sufficient revenue generation from projects to support operations), and focusing on the continued growth and development of existing employees and the integration of new employees.

Performance Plan

Goals, Strategies, Performance Measures and Targets

Partnerships BC's position at the nexus of the public and private sector enables it to act as an interface between public sector entities and private sector organizations. The team at Partnerships BC has established a successful track record of supporting the delivery of key infrastructure projects. The global infrastructure market consistently recognizes Partnerships BC-led procurements as being well run, fair, open and transparent, thereby increasing market interest and supporting vibrant competition.

Since its inception in 2002, Partnerships BC has been guided by its annual Mandate Letter issued by its Shareholder, from which the executive and Board of Directors has developed the vision, mandate, corporate goals, performance measures and service model for the company.

Corporate Goals
1. Meet procurement objectives associated with complex infrastructure projects
2. Deliver value add to our clients and engage stakeholders effectively
3. Maintain a responsive and resilient organization

Goal 1: Meet procurement objectives associated with complex infrastructure projects

Strategies

- Partnerships BC is committed to being a centre of expertise in planning and procurement, to maintaining an updated library of guidance and best practice documents, and to demonstrating quality control.
- Partnerships BC is committed to initiating innovative procurement processes and contractual structures, and working with its clients and the market to achieve procurement objectives such as fairness, transparency, attracting robust competition, achieving value for money, and meeting procurement schedules.

Performance Measures 1 – 4: Procurement objectives are met

Performance Measure	2015/16 Actual	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
1.) Fairness advisor report where size and scope warrants fairness review	100% achieved	Expect to achieve 100% (on all projects)	Fairness advisor reports concluded that procurement processes were fairly administered	Fairness advisor reports concluded that procurement processes were fairly administered	Fairness advisor reports concluded that procurement processes were fairly administered
2.) Achieve value for money at financial close	100% achieved	Expect to achieve 100% (on all projects)	Each project that reaches financial close is expected to achieve value for money	Each project that reaches financial close is expected to achieve value for money	Each project that reaches financial close is expected to achieve value for money
3.) Financial proposals are within capital and affordability ceilings	100% achieved	Expect to achieve 100% (on all projects)	Each project that reaches financial close is expected to be attained within the capital and affordability ceilings	Each project that reaches financial close is expected to be attained within the capital and affordability ceilings	Each project that reaches financial close is expected to be attained within the capital and affordability ceilings
4.) Project is delivered based on the agreed upon procurement schedule	100% achieved	Expect to achieve 100% (on all projects)	Each project is expected to be delivered within the agreed upon procurement schedule	Each project is expected to be delivered within the agreed upon procurement schedule	Each project is expected to be delivered within the agreed upon procurement schedule

Discussion:

- Partnerships BC will work with client project teams to collect and publish Fairness Advisor and Value for Money reports.
- In order to ensure that financial proposals are within the capital and affordability ceilings, Partnerships BC will compare the project's capital and affordability ceilings as outlined in the Request for Proposal to the estimated project costs in the Value for Money* report.

**Value for Money (VFM) is the risk-adjusted difference in present value dollar terms between the PPP and traditional delivery models' costs of integrating design and construction as well as the cost of major maintenance over the duration of the PPP contract.*

Not all benefits are captured in a VFM number. Examples of such benefits include early completion and delivery of associated services to the public or improved long term service outcomes (e.g. better clinical outcomes in a hospital).

Goal 2: Deliver value add to our clients and engage stakeholders effectively

Strategies

- Partnerships BC is committed to meeting or exceeding client expectations.
- Partnerships BC is committed to implementing and monitoring a stakeholder engagement program that uses a range of methods to gather and respond to feedback. Examples of methods that may be undertaken include surveys, market outreach sessions, meetings and briefings, workshops and information sharing events, conferences and business-to-business networking sessions.
- Partnerships BC is committed to maintaining strong market participation.

Performance Measures 5 – 7: Delivering value and engaging stakeholders

Performance Measure	2015/16 Actual	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
5.) *Client satisfaction	Client survey not completed in 2015/16 due to a stakeholder engagement survey conducted in May 2015 which included some clients	Met target of 85% or higher client satisfaction rating; 92.8% client satisfaction rating	Achieve 85% or higher client satisfaction rating	Achieve 85% or higher client satisfaction rating	Achieve 85% or higher client satisfaction rating
6.) *Stakeholder satisfaction	Following a stakeholder engagement survey in May 2015, the Board set a stakeholder satisfaction baseline rating of 80% or higher	Met target of 80% or higher stakeholder satisfaction rating; 83.3% stakeholder satisfaction rating	Maintain or improve upon previous year's performance	Maintain or improve upon previous year's performance	Maintain or improve upon previous year's performance
7.) Competitive procurements	Target of at least four qualified respondents at RFQ stage was met on all (three) procurements that commenced in fiscal 2015/16	Expect to meet target	At least four qualified respondents at RFQ stage	At least four qualified respondents at RFQ stage	At least four qualified respondents at RFQ stage

Discussion:

- Client satisfaction and effective stakeholder outreach and engagement in procurement practices have all been identified as priority performance measures. (as per direction received in the 2015/16 Mandate Letter).
- The performance against associated targets was measured through data sources such as client surveys; numbers of, and feedback from, stakeholder interactions conducted through various methods, levels of awareness and support from stakeholders; and number of market participants for each procurement. Partnerships BC has set baseline targets and will confirm data sources through its planning. In subsequent years, performance against the 2015/16 baseline of 80 per cent stakeholder satisfaction will be measured and is expected to be sustained or improved over time.
- A fundamental tenet of Partnerships BC led procurements is that the public sector obtains value from procurements with robust competition.
- The client and stakeholder satisfaction ratings have a standard error of +/- 8 per cent at the 95 per cent level of confidence.

** Surveys were conducted and completed in Q3 2016/17. Partnerships BC has a limited number of clients and stakeholders, and the percentage satisfaction rating may fluctuate from year to year.*

Goal 3: Maintain a responsive and resilient organization

Strategies

- Partnerships BC is committed to ensuring an effective project work/revenue flow, with appropriate accountability, resourcing, and effective delegation across the organization.
- Partnerships BC is committed to a workplace that promotes employee engagement by promoting strong teamwork and open communication amongst all staff members, and providing learning opportunities.

Performance Measures 8 – 10: Maintaining a responsive and resilient organization

Performance Measure	2015/16 Actual	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
8.) Self sufficiency	Achieved net income target	Expect to achieve net income target	Achieve net income target	Achieve net income target	Achieve net income target
9.) Employee satisfaction	78% employee satisfaction rating	Employee satisfaction survey to be conducted in February 2017. Achieve 80% or higher rating in employee satisfaction survey	Achieve 80% or higher rating in employee satisfaction survey	Achieve 80% or higher rating in employee satisfaction survey	Achieve 80% or higher rating in employee satisfaction survey
10.) Voluntary employee turnover	Voluntary employee turnover of 7% (industry average at 6% to 8%)	Expect to be lower than industry average	Lower than industry average	Lower than industry average	Lower than industry average

Discussion:

- Partnerships BC is required by its Shareholder to be financially self-sufficient, a condition met by achieving a positive net income target on an annual basis.
- Employee satisfactions survey and voluntary employee turnover results are instrumental in ensuring the continuity of project success.
- Employee satisfaction will be measured through surveys, with a target of 80 per cent satisfaction. Partnerships BC conducts the employee survey through anonymous feedback and a third party service provider.
- Voluntary employee turnover has historically been lower than industry average. The data for the industry average can be obtained from organizations such as the Human Resources Management Association and the Conference Board of Canada. Partnerships BC measures itself against the industry average and sets a target lower than this on an annual basis.

Financial Plan

Summary Financial Outlook

Partnerships British Columbia Inc. Fiscal 2015/16 Actual, Fiscal 2016/17 Forecast and Fiscal 2017/18 to 2019/20 Budget (in millions of dollars except FTEs)					
	2015/16 Actual	2016/17 Forecast	2017/18 Budget	2018/19 Budget	2019/20 Budget
REVENUE					
Fees for Service	\$ 6.49	\$ 7.84	\$ 8.76	\$ 9.02	\$ 9.29
Other Revenue	0.14	0.14	0.14	0.14	0.14
Project Recoveries	1.23	2.16	1.85	1.91	2.46
TOTAL REVENUE	7.86	10.14	10.75	11.07	11.89
EXPENDITURES					
Human Resource Costs	4.54	5.00	6.04	6.22	6.41
Professional Services	0.26	0.26	0.32	0.33	0.34
Administration	1.17	1.30	1.38	1.33	1.37
Corporate Relations	0.06	0.04	0.06	0.06	0.06
Amortization	0.06	0.07	0.08	0.10	0.10
TOTAL EXPENDITURES	6.09	6.67	7.88	8.04	8.28
Project Recoverable Expenses	1.23	2.16	1.85	1.91	2.46
OPERATING SURPLUS	\$ 0.54	\$ 1.31	\$ 1.02	\$ 1.12	\$ 1.15
Full Time Equivalents (FTEs)	28.5	31.0	35.4	35.4	35.4
Capital Expenditures	\$ 0.06	\$ 0.06	\$ 0.24	\$ 0.04	\$ 0.06
Long Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated Surplus	\$ 16.06	\$ 17.37	\$ 18.39	\$ 19.51	\$ 20.66
Key Assumptions The budgeted financial information for fiscal years 2017/18 to 2019/20 was prepared based on the following assumptions and direction from the Shareholder: 1. Full Time Equivalents (FTEs) information is as at fiscal year end, and is subject to change if there are revenue changes. This staffing complement will allow Partnerships BC to maintain its core competencies and will also provide the Government of B.C. with sufficient expertise to focus on its current and future capital projects. 2. There is no increase to Partnerships BC's charge out rates to provincial clients in fiscal years 2017/18 to 2019/20. 3. Operating expenses for fiscal years 2017/18 to 2019/20 are developed on the basis of a zero based budgeting exercise. 4. Capital expenditures are predominantly for network and employee computer hardware requirements. Computer software licenses are renewed annually and are disclosed under administration costs.					

Hyperlinks to Additional Information

[Partnerships BC Board of Directors](#)

[Senior Management Team](#)

[Partnerships BC governance principles](#)

[Organizational overview](#)